



DIRECTORATE OF
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Central Intelligence Bulletin

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State Department review completed

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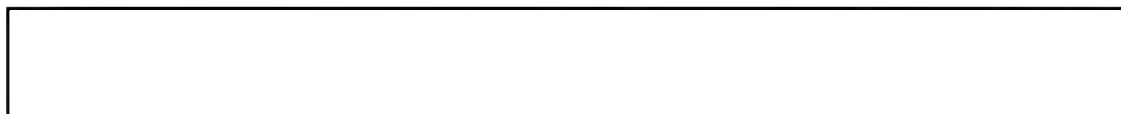
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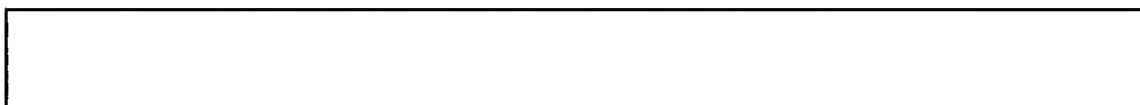
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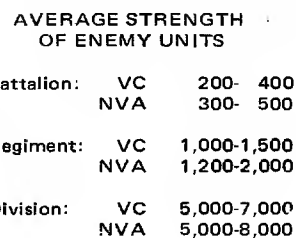
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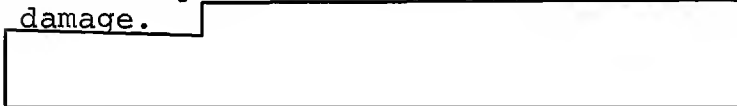
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[South Vietnam: Communist shelling attacks have fallen off sharply but some main force enemy units are on the move toward provincial towns.

Since the recent upsurge in shellings began during the night of 11-12 May, heavy enemy ground assaults have hit allied field positions in I Corps, the central highlands, and in the provinces around Saigon.

The most severe allied casualties in a single attack came in the A Shau Valley during the night of 12-13 May when enemy fire set off an ammunition dump, killing 25 US troops and wounding 51. Enemy actions in the delta have been limited to harassing attacks for the most part.

Saigon was harassed by two Communist rocket rounds again on 13 May but the attack caused little damage.



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European Communities: The European Organization of the World Confederation of Labor (WCL-EO) has taken steps toward strengthening the trade union movement in the communities.

During a congress in Brussels from 7-9 May, the WCL-EO--until recently the Christian International--agreed to limit the veto power of its national affiliates. The WCL-EO also transferred from the executive committee to periodic congresses the right to define basic goals.

These decisions are similar to actions taken by the general assembly of the European Trade Union Secretariat in April, but not as far-reaching. The secretariat--which is composed of ICFTU-affiliated trade unions of the Six--transformed itself into a "confederation" and denied veto power over decisions to its national affiliates. This new confederation also extended an invitation to the WCL to forge closer ties with it, which the WCL-EO congress accepted at its recent meeting. The executive committees of the two organizations are expected to meet shortly to begin work on a common European program.

In taking these recent actions to strengthen the European trade union movement, the ICFTU and the WCL have been motivated by a wish to revitalize the European communities and to enable the unions to deal more effectively with multinational corporations.

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Malaysia: Communal violence erupted in Kuala Lumpur yesterday in the aftermath of the elections on 10 May. A curfew was ordered and army units called up in an effort to contain the situation which resulted in a number of deaths and considerable property damage.

The triparty Alliance, composed of Malay, Chinese, and Indian parties, which has governed Malaysia in the 12 years since independence may be in danger of dissolution. The Chinese component--the Malaysian Chinese Association--suffered the greatest proportional loss of Alliance seats in the election on 10 May. It has announced that it will withdraw from the cabinet. It will continue to support the government in parliament, however, thereby ensuring for the time being the Alliance's slim parliamentary majority.

Discontent within the Chinese community with Alliance policies has been accumulating for some time. Chinese resent the government's preferential treatment of the Malays and what they regard as the imposition of a Malay cultural and political hegemony.

The Chinese community views the Chinese Association as needlessly conciliatory to the Malays and as ineffective in defending Chinese interests. The association's present strategy of withdrawing from the cabinet is not only an acknowledgment of its unpopular position but probably is a first step in an attempt to retrieve respect within its own community.

As the situation now stands, the next government will be based largely, if not entirely, on the United Malays Nationalist Organization, the major component of the Alliance. It represents the larger part of the nation's Malay community, which constitutes about

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half the population. The Chinese community, 37 percent of the population and economically the most important element, apparently will be unrepresented in the cabinet, but will have an increased representation in parliament because of gains made by opposition parties. The opposition, although divided, promises to be an energetic one. The government's entire program of balancing communal interests, pushing economic development, and forging a national identity would appear to be in jeopardy.

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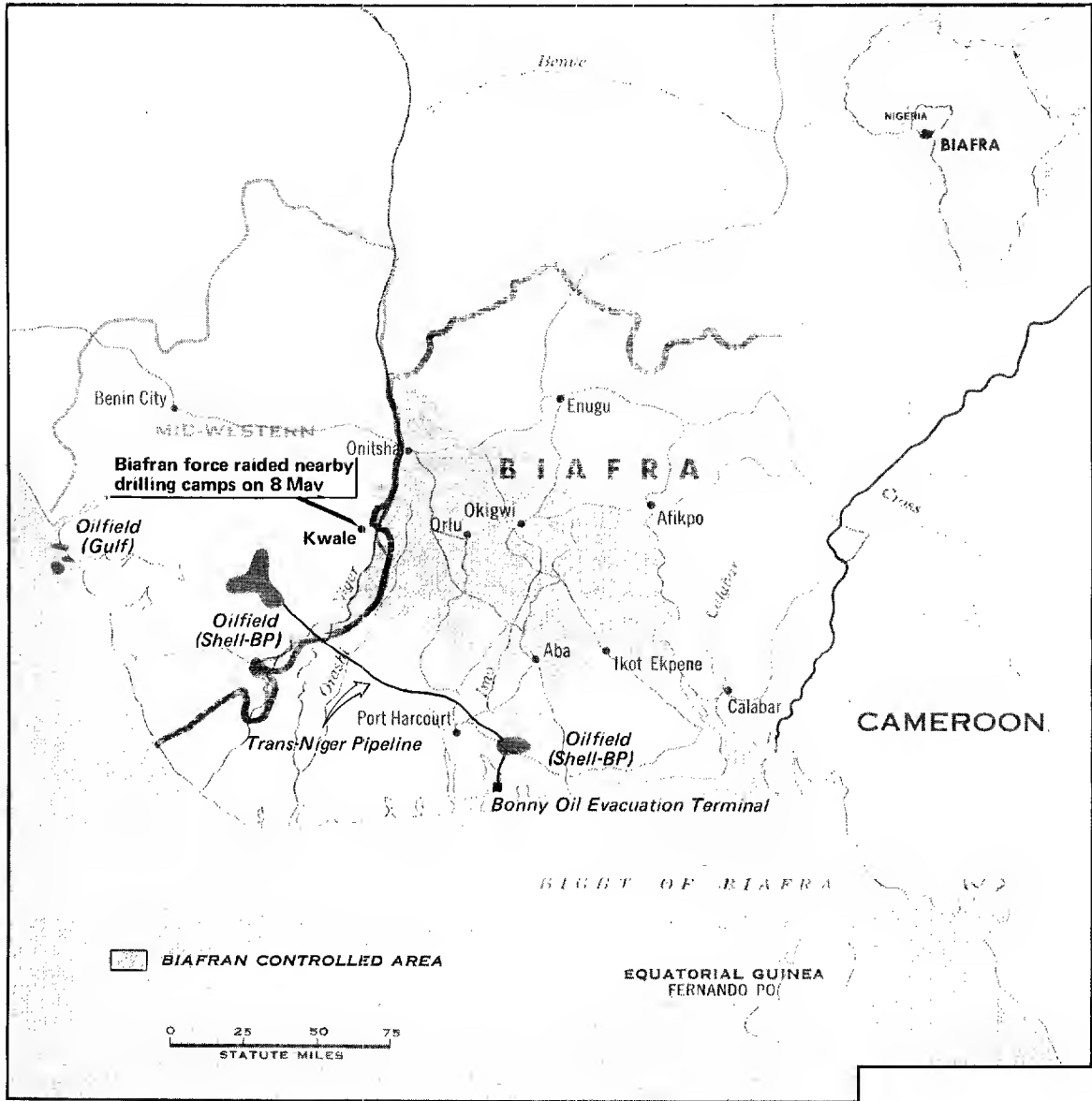
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Biafrans Still Pose Threat to Record Nigerian Oil Production



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Nigeria: Oil production reached a record high in April, but Biafran Army units still pose a serious threat to petroleum installations.

Nigeria's two producing companies, Shell-BP and Gulf, pumped nearly 600,000 barrels per day last month, making Nigeria the 11th largest oil producing country. Other companies are expected to start producing soon, raising output to some 700,000 barrels per day by the end of the year and to around one million barrels per day in 1970.

Biafran forces are within striking distance of several oilfields and the strategic Trans-Niger Pipeline. On 9 May a secessionist raiding party overran two drilling camps near Kwale and more raids may follow. Although the secessionists would like to disrupt Nigerian oil production, they have not sabotaged any of the very vulnerable oilfields or pipelines in federal hands, perhaps in the hope of eventually recapturing them intact.

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Recent Sabotage Leads Portuguese to Suspend International Rail Traffic



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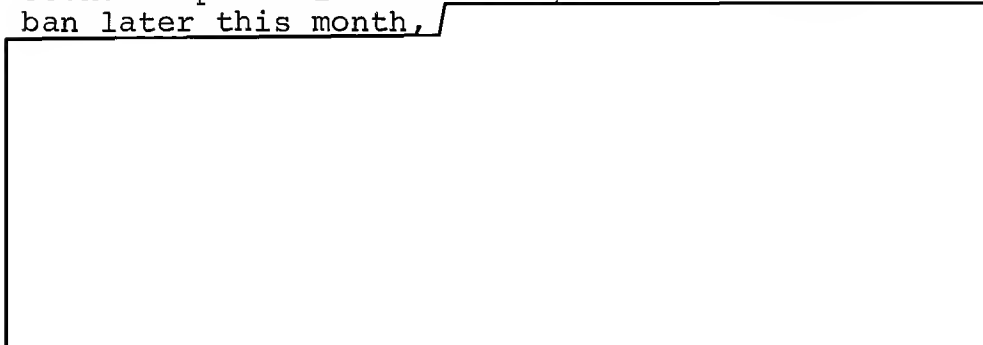
Angola: Sabotage by African nationalist insurgents in eastern Angola has moved the Portuguese to put pressure on Congo (Kinshasa) and Zambia.

Insurgents destroyed a small section of track along the Benguela Railroad on 2 May in what was at least the fourth act of sabotage on the line since 19 April. Two trains were derailed, killing six people, injuring several others, and damaging rolling stock and goods. The railroad is the only target of strategic importance to the Portuguese in the remote eastern region that is vulnerable to insurgent attack.

The Zambia-based Popular Movement for the Liberation of Angola is suspected of instigating all but the attack of 2 May, which is believed to be the work of the Congo-based Angolan Revolutionary Government in Exile.

Following the last incident, the Portuguese suspended international traffic over the line "indefinitely" in an attempt to force the Congo and Zambia to restrain the insurgents. Both are dependent on the railroad for exporting minerals. Closure of the line, accompanied by private representations to the Congolese and Zambian governments, has proven successful at least twice in the past, and probably will be effective this time.

The Congo and Zambia will begin to feel the economic pinch if the Portuguese do not lift the ban later this month,



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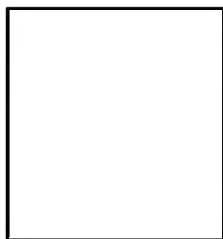
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Haiti: Communists are planning attacks on US installations and embassy personnel, including the ambassador, according to Foreign Minister Chalmers. This warning follows an increase in Communist propaganda earlier this year in support of the "anti-imperialist struggle"--in the past, Haitian Communists concentrated on the Duvalier government. It also coincides with President Duvalier's widespread crackdown on known and suspected Communists. The US Embassy believes it possible, however, that the Duvalier government has fabricated the report to impress the US with the seriousness of the Communist threat. Some Cuban-trained Communists have been captured in recent government raids, but those still at large are probably able to carry out limited and isolated terrorist actions. 

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Pakistan: The availability of food grains has reached a record high despite an earlier threat of extreme shortages in East Pakistan. Shortfalls had been predicted there because of lower per-capita production of rice, reduced imports, and distribution problems. West Pakistan's rice and wheat crops, however, are 42 and 12 percent greater respectively than was the case a year ago. Rawalpindi plans to ship grain to meet any shortages that develop in East Pakistan. 

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West Germany: Initial policy statements by the West German Government will be only a weak deterrent to renewed speculation on revaluation of the mark. The policy package agreed to suggests the difficulties in accommodating divergent views within the economic committee of the cabinet. The proposals, to be approved by the full cabinet today, contain essentially nothing new, except for a reference to unexplained "machinery to make speculation more expensive." This package was accompanied by a number of anti-inflationary domestic policies which also appear to be weak in their potential impact.



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